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MEMORANDUM FOR: The Director
FROM : Robert R. Bowie
SUBJECT : Program for Improving the Quality of Analysis

This memorandum is a summary of steps being taken to improve the quality of analysis in NFAC, DIA, and INR. It also serves as a status report with regard to a number of undertakings not yet completed.

We have tried to develop a program to improve the quality of our analysts, the physical and professional milieu in which they operate, and the quality of our final product. Within CIA, the National Foreign Assessment Center (1) has created a small staff working full time on the formulation of issues and programs germane to improvement in the quality of intelligence production and analysis. At the same time, the Deputy Director for National Foreign Assessment has created an interagency steering group, with membership from CIA, INR, and DIA, (2) tasked to devise parallel and complementary programs for the entire Community.

BASIC CHANGES IN MANAGEMENT

Integration of Analysis Across Disciplines. We have changed our management of analysis in NFAC to overcome identified shortcomings in the analytical process. First, we have stressed the production of fully

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integrated or interdisciplinary studies of topics that are key to the deliberations of the policy community. The NIOs are our principal instrument in this effort. They ensure the coordinated participation of all functional skills in the analysis of major intelligence questions. The NIOs are now organized in clusters which cut across the disciplines of the production offices. They have responsibilities both for coordination of community production and for the integration of disciplinary analysis within NFAC. With the issuance of the National Intelligence Topics, NFAC has developed production strategies to address the questions posed by the PRC(I). NFAC offices have committed themselves to produce specific analyses. The NIOs have coordinated the production strategies with State and DIA, and have gained from them commitments to share in answering the PRC(I) questions.

At the same time, an increasing number of interdisciplinary efforts have been generated among the various NFAC offices. Most notable in this regard are the development of a full program of analysis on Soviet cruise missiles and naval forces, and the creation of a Cuban task force that brings together in one workspace analysts from a number of offices to work on a jointly developed program.

Consumer Contact. We have worked hard to develop and maintain policy contacts to ensure the relevance of our analysis. The NIOs have taken the lead in this regard, and in almost every case have established

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close relationships with appropriate members of the NSC Staff and other involved agencies. There is considerable discussion of major problems and concerns among these individuals. Moreover, the offices themselves have established similar relationships with counterparts at the NSC and elsewhere in government. There is, for example, a regular discussion of our program for regional and political analysis with appropriate members of the NSC Staff. The support we provide is frequently highly tailored to expressed needs.

The Director of INR has recently tasked the directors of his production offices to consult with State's Bureau Chiefs to formulate a quarterly research program to better focus on the concerns of the Department's policymakers. DIA has recently established a Director's Group which will work closely with the Defense Intelligence Officers and Pentagon leaders to establish a departmental production program more responsive to the needs of the offices of the Secretary of Defense.

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Program Development. NFAC was established in part to provide a basis for the formulation of a program of analysis that will both link the work of the production offices and tie it into a program of community production (i.e., estimates or interagency memoranda). We have established a Production Board which meets regularly to review the program and its individual pieces. The Board reviewed the strategies to address the questions developed by the PRC(I) and will continue to monitor NFAC and community progress against the NITs.

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Improved Critical Review. Fundamental to our efforts to improve the quality of our intelligence product is the toughening of the critical review it receives. I am personally spending the largest amount of my time in trying to provide that kind of review. It is obviously a job that requires far more time and attention than I alone can give it. USC

25X1 We have established relationships with a number of outside consultants who have been used to review such major products as NIE 11-3/8, NIE 11-4, and the estimate which we never issued. We have established a panel of some 50 such consultants to review output in all fields under the purview of the NIOs. USC

This panel will be augmented by a Review Board which I expect to consist of three or four eminent people with a critical and analytical bent. They will have varying past experience, but broad perspectives. I hope the members will devote nearly full time to this job. Ambassador William Leonhart is the first panelist to sign on and General Bruce Palmer will be on board soon. Ambassador Leonhart is now reviewing NFAC production procedures in order to define with some precision the optimum timing of Review Board interaction, and the precise role it will play.

We are now considering the establishment of an NFAC office-level review panel composed of production managers and senior analysts from the production offices. This panel would review major intelligence efforts to determine if the analytical approach is focused on the proper USC

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issues and questions. Service on the interoffice panel will give our analysts a chance to broaden their own perspectives and to think in interdisciplinary terms.

IMPROVING ANALYTIC CAPABILITIES AND ANALYST MILIEU

The immediate problem for both the NFAC staff and the interagency steering group has been to acquire the data base necessary to permit more rational and concrete planning for specific programs to address the areas for improvement discussed above.

To do this, NFAC, in cooperation with CIA's Psychological Services Staff, is engaged in an extensive survey of all NFAC professional employees to construct a detailed personnel data base on the numbers, kinds, and qualifications of all NFAC personnel resources engaged in intelligence analysis and production.

This detailed inventory of personnel resources, education, skills, area, and work experience will be used to provide benchmarks against which NFAC's current status in the various areas of analysis and production can be determined. On this basis, gaps or deficiencies in NFAC capabilities can be measured and a series of achievable targets and goals will be established for planning purposes.

The NFAC questionnaire has been made available to INR and DIA with a view to its use in those organizations so that they can establish similar targets and goals for inclusion in an integrated community program.

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In addition, the USAF Occupational Measurement Center is conducting, on behalf of DIA, a job analysis survey of DIA analysts. This survey will be a detailed examination of the analytical process ^{use} in DIA, the conditions and environment in which the DIA analyst works, and the level of skills and performance required to do the job. This survey should provide valuable data for revamping the curricula at the Defense Intelligence School, for adjusting personnel recruiting and training standards, and for making possible changes in the way DIA is organized for intelligence production.

Training. Each of the major production components of the intelligence community has attempted to maintain active training programs for the development of area, language, and functional skills. The surveys currently underway will give production managers a much more specific inventory of the skills and backgrounds of their professional cadre. On this basis, we should be in a position by the beginning of Calendar Year 1979 to elaborate specific training programs and goals to be achieved over a five-year period. ^{use}

Analytical Process. Though a considerable amount of time is spent in training by NFAC analysts, certain types of training should be emphasized. We have just completed the second running of a seminar for seasoned analysts. It is intended to make them more self-conscious about the analytical process and to encourage interdisciplinary work.

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This course is not intended to teach skills so much as to raise questions about our use of information, the ways in which we deal with uncertainty, and the underlying nature of knowledge itself in the intelligence profession. It includes an exercise involving two teams working in an interdisciplinary fashion on a genuine intelligence problem of significance. The first session proved the merit of the project, and we intend to continue to offer the seminar until most analysts have participated. We are using an outside contractor to help us to develop challenging case study materials for this course. With these materials, analysts will test their analytical skills on problems in which many variables come into play and where real outcomes have been documented by the case study creators. Once the final curriculum of this course has been established, NFAC will invite INR and DIA to review it for application to their needs. U.S.

Tailored Courses. In the last year or so we have been quite successful in the specialized tutorial training of analysts by academics brought in from local universities. For example, an intensive economics workshop for political analysts has been offered three times (total, 37 students). It has been extremely worthwhile and will be offered again. We intend to undertake more such efforts, perhaps to include the introduction of area studies background for technical analysts, and technical concepts for area specialists. U.S.

Language Training. In NFAC, the state of language training is undergoing reassessment. Our need is primarily to provide reading

skills in a fairly large number of languages. In the past, the Agency language program has been oriented to DDO needs, emphasizing conversational capabilities. Much of the criticism of the older program centered about a contention that hard-won language skills were often quickly lost because they simply were not used. On the other hand, reading skills will be maintained and should result in the introduction of more primary sources into our analysis. The Office of Training has been investigating new approaches to the teaching of language for reading purposes. A course for reading Chinese has been tailored for OER. There is a growing recognition of the need for reconstituting our language capability. In the past year the Office of Economic Research has also begun a program of full-time Russian language training for a substantial number of analysts.

I note with some outrage that the major obstacle to expanding the provision of such courses for NFAC analysts is the lack of space in the Headquarters building in which to hold classes.

Methodology and Computer Support. The application of new methodological approaches and the use of computer support facilities is being actively implemented in the major production elements of the intelligence community. Each of the major production elements of NFAC has a staff or unit dedicated to working with analysts in the application of new methodologies to the analytical process. This work is also supplemented

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by NFAC and ORD sponsorship of the Analytical Support Center. DIA has a very active training program to introduce its analysts to the utilization of new analytical methodologies and skills. During the last fiscal year such training has been given to about 700 DIA analysts.

Computer support programs to assist the analyst are widespread in the community. CIA and DIA jointly are proceeding with Project SAFE, the major community undertaking in this field. Project SAFE was scheduled to become fully operational in Fiscal Year 1982 or 1983. Recent budgetary decisions taken during the review of the FY 1980 budget proposals have affected the scope of the SAFE program and will delay its operational start by at least a year.

During 1979, INR will devote more than 10 percent of its budget to provide improved information handling support, designed to enable INR to keep pace with other members of the intelligence community.

A major concern in this area is to get a better fix on the nature and types of extant information handling systems and to relate them to the analysts' information handling requirements. Such a study is currently being made by the Office of Community Information Systems. When completed, this study should provide a basis for setting specific and realistic goals and targets for relating ADP programs and information handling systems to the analytical process and the actual needs of the analyst.

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Overseas Experience. We need to increase the exposure of our regional and country analysts to the territories and societies for which they are responsible. A key to accomplishing this is to provide an opportunity for younger analysts to pursue specialized area training abroad. More will be said about this program later.

Lateral Entry. We have given a good deal of attention to the identification of suitable candidates for lateral entry into NFAC from outside CIA. We have also given a good deal of attention to possible transfers from the DDO, and have identified a number of likely prospects.

In the past year, we have hired professionals with a broad range of background and experience. About 60% were hired between GS-11 and GS-15 (MA to PhD, with varying work experience). For example, OER hired at GS-14 a 55 year-old PhD in Economics who has been an economic consultant and director of research for [REDACTED] He 25X1 has almost native fluency in French and German. ORPA hired at GS-13 a 42 year-old PhD in political science (Russian Studies) who has been a professor [REDACTED] 25X1 University. He has traveled and studied in the USSR on three occasions. He was offered, and refused, in favor of CIA, chairmanship of the Department of Political Science [REDACTED] OWI hired at GS-11 a 25X1 34 year-old MS in atomic physics who has extensive experience in private industry and laboratories and at the Pacific Missile Range in

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California. He will work in the Offensive and Space Systems Division of OWI. Naturally, there are also some more junior people among our recent recruits.

We also have a scholar-in-residence program whereby noted researchers come to work for us for one to two years and then return to their former posts. [] just completed a two-year tour, and has returned to teaching. He added greatly to our understanding of the Soviet leadership. [] is now with us.

He will also contribute in the Soviet area. [] has worked with OER on international agriculture for six to eight months.

[] is in process by ORPA to work on Soviet relations with states that border the USSR.

Assignment of Analysts to Other Agencies. We are making use of opportunities when they arise to assign analysts to other agencies of government where they have the opportunity to experience the day-to-day concerns of the community we serve. At present we have two officers assigned to the NSC, seven assigned in various places in the Defense establishment, five in the State Department, two in the Department of Energy, and one at the Department of Commerce. These assignments are effective in broadening the experience and the sensitivities of our analysts.

Priority of Analytical Activities. Perhaps the most difficult problem that we face in trying to improve the quality of NFAC analysis

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is to ensure the analyst sufficient time and opportunity to work on longer term issue analyses and on more basic research. The problem arises because of the tremendous demand to report current events and the ever growing number of requests for immediate support in the form of briefings, typescripts, graphics, etc. Some accommodation can be made by shifting the priorities of our various analytical activities, but the basic problem will remain so long as additional resources are not allocated to production.

Current Intelligence Versus Long Term Work. Over the past year NFAC has taken a number of steps to reduce the resources devoted to current reporting. Beyond these steps we are in the process of instilling in analysts an understanding of our mission that gives a greater premium to longer term and more rigorous analysis. We must, of course, bolster such steps as these with an appropriate system of incentives and rewards that gives credibility to our exhortations.

Ad Hoc Requests. The problem of dealing with ad hoc requests is more difficult. It is rarely possible to refuse to respond to requests for intelligence support and there seems to be little we can do to establish the priority of competing requests. All in all, the greatest portion of the time of our analysts is spent providing immediate response to requests from all parts of the government and even from the public at large. There may come a time when we must narrow the community we serve and limit our offers of support if we are to improve our most important work.

Use of Outside Support. Though we have long relied heavily on outside support in various parts of NFAC, there is a substantial amount of resistance to external research in some parts of the organization. In many respects this reluctance is understandable. Particularly in the realm of regional and political analysis, there exists no group of qualified people suitably organized to provide both the reliable and responsive support and the continuing participation in the production process that we require. We are working hard to develop such a capability outside the Agency.

Problems of Space and Time.

Space. CIA, DIA, and INR are plagued with problems of space that range from extreme dispersal of production units, to facilities that are structurally unsound and hazardous, to extreme overcrowding. Through the years, office space available to NFAC has not grown as our numbers have increased. Working conditions are generally unsatisfactory for the kind of concentrated analytical work we require. Most of our people work in open rooms where noise and traffic detract from thoughtful work. At CIA, we are now encountering prospective employees who are deciding against employment because of the working conditions that exist. Moreover, the physical environment is such, particularly in DIA and INR, that the transmission and dissemination of compartmented intelligence information cannot be carried out efficiently and presents significant problems for the maintenance of security.

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The obvious solution, the acquisition of additional buildings, is close to intractable. The Presidential embargo on the lease of additional building space is preventing a short-term easing of the space problems at CIA and DIA. A longer term solution, the construction of new buildings, is so remote as to be virtually nonexistent. For more than five years, DIA has sought unsuccessfully to secure authorization for a new building to house its production and production support elements which presently are housed in five separate facilities. Some stop-gap measures are being undertaken. INR is in the process of moving its two largest regional offices into a single enlarged secure area.

At CIA, NFAC has recently concluded a review of its space facilities and has found for those units presently located at CIA Headquarters a shortfall on the order of 30,000 square feet. Because additional building space is out of reach, the study group has also investigated the feasibility of using open plan office designs and systems furniture as a means of improving the space situation. NFAC/OCR is currently working with the Office of Logistics to create a pilot open plan layout for one of OCR's divisions. If this pilot program demonstrates a significant improvement in space utilization and working environment, NFAC will propose a major conversion program starting in Fiscal Year 1980.

Time. Closely related to this is the problem discussed above of ensuring that our analysts have the time to do the sorts of analysis we are trying to accomplish. Beyond our concerns with priorities,

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NFAC is looking at ways to improve the effectiveness of analytical activities by replacing high skills with lower skills wherever possible. In this regard our effort to get a SAFE system which will provide vastly more effective access to incoming and archival information is an important part of our future. Our experience with an interim system with a substantially more limited capability than that anticipated for SAFE has proven the concept worthwhile. It has been enthusiastically accepted by the analysts and makes a substantial contribution to the quality of the work they do. The increased use of intelligence assistants to help analysts cope with their paper flow and data needs, and development of better procedures to deal with many of the competing demands on analysts' time should also improve the situation to a modest extent.

INCREASING OVERSEAS EXPOSURE OF ANALYSTS

As noted above, a major goal to improve the quality of analysis is to provide our analysts with deeper immersion in the foreign societies for which they are responsible. Without ^{w/ a monogram?} personalized overseas experience they often lack the necessary sensitivity to the forces affecting events in the countries they cover. We have made several inventories of the overseas experience of our analysts and found it to be uneven and often lacking in key geographic areas. We are undertaking a deeper assessment of this situation in order to identify with specificity the numbers and types of analysts we need with this kind of overseas exposure. The

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results of that assessment will enable us to target our selection of candidates for a number of programs we are now getting underway.

Training Abroad. Though it was eliminated in the FY 79 budget, we continue to believe that a foreign specialist training program (one year of study abroad) should be established. We have begun to investigate the possibilities of instituting such a program and have found impressive candidates within NFAC. As a result of discussions with the Cover Staff, we find that there are substantial problems in handling the arrangements required. It appears necessary at this time to contact appropriate US educational institutions to explain our needs in some detail. We should solicit their support in sponsoring overseas training for NFAC analysts who have established academic standing with their institutions. In this endeavor we would, of course, be totally forthcoming with the institutions involved.

Conducting Analysis Abroad. With Congressional approval of the FY 79 budget, we will have established eleven official slots for the use of analysts on two-year PCS assignment abroad. Moreover, the DDO has provided us with enough MODE positions for this purpose. Candidates with suitable language qualifications have been identified. We are negotiating with the State Department to get its approval for eleven regional analyst positions, particularly in those LDCs judged to be of greatest importance to US interests. We believe that this is a program of great importance, and that it should grow to 25 positions

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in key countries over time. It will both improve our analysis in the short term and enhance our analytical strength over the long run.

Although INR is able to benefit from the rotational assignment of Foreign Service Officers, it is also seeking to establish a program of overseas assignments for its permanent cadre. DIA is expanding its programs for analyst travel to overseas areas and greater employment of ^{members} graduates of the Department of Army's excellent foreign Area Specialists [School.] Program

Recruitment of Analysts Who Have Lived Abroad. We are continuing to look for new employees who have lived abroad for significant periods of time and have the necessary language capabilities. As noted above, NFAC has brought aboard some DDO people who have these qualifications.

CAREER MANAGEMENT FOR ANALYSTS

An integral part of any program to improve the quality of analysis is the development of means of career progression which provide adequate incentives and rewards. These measures should be designed to enhance advancement to senior grades and positions of responsibility on the basis of performance as an analyst and not solely on the basis of administrative, supervisory, or management skills. Part of

Progress on this score among the major production elements of the community has been slow and uneven.

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In CIA, the NFAC Management Advisory Group submitted to the DCI in June of this year a study on the creation of an intelligence specialist corps within NFAC. Their study recommended the allocation of a number of senior positions in grades GS-15 to GS-17 to be assigned to intelligence specialists fully insulated from administrative and managerial responsibilities. The DCI has endorsed this study in principle and the production offices of NFAC are presently defining their needs for intelligence specialists and the qualifications to achieve such status.

DIA has taken a number of steps to improve its career management programs for analysts. It is utilizing the DoD's Defense Intelligence Special Career Automated System (DISCAS) to identify and select from DoD-wide registrants applicants for analyst vacancies. DIA has also sought DoD approval for additional allocation of super-grade positions for intelligence analyst positions.

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Steps in 1978 to Increase Interdisciplinary Analysis

1. The Cuban Task Force.
2. The NIT exercise.
3. The Presidential briefing system.
4. OER is now in the process of establishing a Petroleum Supply Analysis Center which will bring to bear the combined talents of economists, geologists, petroleum engineers, computer modelling specialists, etc., on this key question.
5. To ensure that the work of OER, OGCR, ORD, OIA, and NPIC on technical aspects of petroleum supply questions is thoroughly integrated, we are also establishing a policy board to make policy, set priorities, and otherwise guide the efforts of the various offices. This will be done before the end of 1978.
6. Redesignation of the NIO for Economics as the NIO for Political Economy and expansion of his role.
7. Development of very close links between OER and ORPA on questions on Soviet energy policy.
8. Detail of an ORPA China analyst to OER for joint projects.
9. OER and ORPA line managers held a joint conference, with NIO/PE participation, to discuss various proposals for improving interdisciplinary analysis, joint research planning, and coordinated allocation of resources.

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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

Part II
of Part I

National Intelligence Officers

25 October 1978

MEMORANDUM FOR: National Intelligence Officer for Special Studies
FROM: National Intelligence Officer for Nuclear Proliferation
SUBJECT: Submission for DCI Annual Report

In response to your request, the following paragraph is submitted for inclusion in Section II (Key Issues) of Part I of the DCI Annual Report:

New efforts were mounted in 1978 to improve the quality as well as the quantity of analysis on nuclear proliferation. As a result, the Intelligence Community has begun to produce more comprehensive and specialized assessments of countries and issues of greatest concern in the development of US national security policies. Multidisciplined analyses were integrated into forward-looking assessments of South African and South Korean political-military threat perceptions, military-industrial decisionmaking processes, and options for nuclear development. A comparative economic appraisal of all developing countries' nuclear and non-nuclear power generating prospects complemented technical assessments of nuclear energy programs in Latin America and the Middle East. In anticipation of the needs of US nonproliferation policymakers, focused analyses were also prepared on the bureaucratic politics of reprocessing in [redacted] policy toward nuclear power, the politics of the International Nuclear Fuel Cycle Evaluation, and Spanish views of nuclear cooperation, security, and nonproliferation. A set of country-specific collection strategies were developed and a series of conferences on proliferation in Northeast Asia, South Asia, and Latin America were conducted for collectors, analysts, and policymakers. In sum, nuclear proliferation intelligence has not only improved the quality of analysis in 1978 but it has also been building the basis for further improvement in 1979.

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cc: D/OER, D/ORPA, D/OSI, DD/NFAC

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